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**TESTIMONY
PUBLIC HEALTH, HUMAN SERVICES, INSURANCE AND REAL ESTATE
COMMITTEES**

HB 6600 – AAC the Establishment of the Sustinet Plan

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Executive Director

Thank you for the opportunity to voice our strong support for HB-6600 and the Sustinet Plan. This proposal is the most detailed, thoroughly researched, specific, and realistic plan to provide relief to Connecticut's struggling health consumers and payers. This plan is clear about where we need to go, how we will get there, what we need to do, and we can see success at the end. I urge you to pass this bill.

Sustinet is the result of a long, thoughtful, inclusive, and sometimes painful process of engaging stakeholders and incorporating their input from across Connecticut's health care landscape, including providers, payers, clergy, small business, labor, and very importantly consumers, in the shared goal of providing quality, affordable health care to every state resident. It fits into our state's unique health care environment. The Universal Health Care Foundation of Connecticut deserves a great deal of credit for managing the dance of competing interests. It took a great deal of time to plow through the policy and fiscal issues to find the right options that effectively meet the goals but are feasible and realistic. This plan is more than "good enough" or a "good start". This plan is a specific and responsive roadmap to covering everyone in the state.

I want to specifically focus my testimony on two parts of Sustinet – promotion of "medical homes" and auto-enrollment and the absence of an individual mandate.

Everyone should have a patient-centered medical home – a primary care provider who knows you and your health needs, is available when you need help, and coordinates your care. Patients are not just given referrals for needed specialty care or tests, but their provider makes the appointment, monitors care, collects test results, and follows up to ensure that the patient gets well. Providers work in teams to help consumers manage their own conditions and maintain/improve their health.

Nationally, many provider and business groups have endorsed and are devoting resources to promoting medical homes. NCQA is developing medical home standards for practices; payers, including Medicare, are beginning to provide specific funding to medical home practices.

Connecticut has taken a step toward the medical home model with a small pilot of Primary Care Case Management (PCCM) that began February 1st. PCCM is a way of running HUSKY that does not involve HMOs, which have had a troubling history in the program,

but emphasizes primary care and prevention. In PCCM, members choose a primary care provider (PCP) who is responsible for providing all necessary primary care services, with after hours access, and to coordinate other needed services for HUSKY families. Parents are not told their child needs a specialist or a test and left on their own to find someone willing to provide the needed service within the HUSKY program, but the PCP finds a provider, makes the appointment, coordinates among providers, and follows up with any needed aftercare. Getting access to specialty care in the HMO system is notoriously hard; it is far easier for a doctor's office to get an appointment with another doctor than a HUSKY parent. PCPs are paid on a fee-for-service basis for the health care services they provide as well as \$7.50 per member per month for care coordination. Other states that have implemented PCCM have enjoyed significant improvements in health outcomes, reductions in ER use, better consumer and provider satisfaction and saved precious state dollars. We estimate that PCCM could save Connecticut's state budget over \$113 million annually.

The second piece of Sustinet that I would like to emphasize is something that the planners wisely left out – an individual mandate – a legal requirement that every state resident obtain health care coverage. Not surprisingly, an individual mandate is the centerpiece of insurance industry reform proposals at the national and state levels. There is ample evidence that an individual health insurance mandate would not work in Connecticut and would cause significant harm to low income consumers. Mandates are no guarantee of compliance -- despite a legal mandate, 12% of Connecticut drivers do not have auto insurance. There is a persistent myth that care for the uninsured is driving skyrocketing health costs; in fact, uncompensated care for uninsured patients accounts for only 2% of all US health care spending. Health insurance in Connecticut is very expensive, unaffordable for most uninsured residents. Regulation of the insurance market in Connecticut is weak; often the only "affordable" options do not cover patients' needs. Enforcement of an individual mandate would be expensive, attract lawsuits, and would distract from the important work of health care reform. Perhaps the worst part of an individual mandate is that it blames the victims of uninsurance for the problem. Only 1.5% of the uninsured are without coverage because they believe they don't need it; most are desperate for insurance.

Instead, Sustinet includes thoughtful auto-enrollment measures to ensure that everyone has coverage while respecting consumer rights. The proposal is to enroll anyone without insurance automatically when they begin or end employment, request unemployment benefits, file a tax return, seek health care and when children start school. People can opt out of coverage but must verify that they understand the risks and liability of that choice. The plan also includes intensive marketing and community outreach to educate consumers about the importance of coverage and disincentives for waiting until patients need care to enroll.

It has been suggested that Connecticut should not step out in front of health reform efforts at the national level. I remember that being said often in the early 90's as well, but national reforms never materialized and we missed an important opportunity. There are encouraging signs of energy at the national level, but national leaders have been clear that they intend to build on and learn from the success of states. With Sustinet, Connecticut is in a unique position to become a national leader in health system reform and to meet an immediate and substantial need facing our consumers and our economy.

Thank you for your time and your commitment to the health of every Connecticut resident.

An Individual Health Insurance Mandate: Could it Work for Connecticut?

There is a growing consensus that our health care system is broken. Costs are skyrocketing; government, employers and consumers are struggling to keep up. State and national leaders are considering policy proposals to fix our health care system. One option being considered is an individual mandate, a requirement that every resident get health coverage. If it is not available through employment or a public program, consumers would be required to buy it privately.

Research suggests that an individual mandate would not work in Connecticut.

- Mandates are no guarantee of compliance. Connecticut law requires drivers to have auto insurance, but 12% are uninsured.
- A mandate would not make much difference in rising health costs. Uncompensated care, services delivered but not reimbursed, are only 2% of US health care spending.
- Very few people are uninsured by choice; most cannot afford coverage. Only 1.5% of uninsured Americans go without because they don't believe they need it.
- Insurance in Connecticut is not affordable. Family health insurance premiums in Connecticut are the third highest in the nation. Between 2000 and 2007 Connecticut health insurance premiums rose 8.2 times faster than our incomes.
- There are not enough consumer protections in place to ensure that consumers are getting what they pay for. In 2006 without public notice, Connecticut's Insurance Dept. approved limited benefit policies that cover as little as \$1,000 of health care treatments per year.
- Health insurance is no guarantee of access to care. Connecticut, like the rest of the country, is facing a primary care shortage. Consumers in Massachusetts, the only state to implement such a mandate, now wait 50 days for health care appointments on average and, in some cases, up to a year.

- Connecticut can't afford an individual mandate. Massachusetts created a new agency to administer their reforms and engaged thirty lawyers just to hear consumer appeals to the individual mandate.
- Enforcement of an individual mandate would be problematic, raising difficult and conflicting interests among policymakers.
- A mandate is not the best way to improve Connecticut's health. Each year 22,000 Americans die due to uninsurance, but 44,000 to 98,000 die of medical errors just in hospitals.
- A mandate would invite legal challenges.

Other states have considered mandates, including Maine and Vermont. California's reform proposal earlier this year failed in large part because of the individual mandate. In explaining his vote against the bill, a California Senator said "I just came to the conclusion that the working people are going to end up paying for it. There's control for everybody else - the employers are protected and the insurance industry. The only group that's vulnerable is the working people."

It is too early to tell whether Massachusetts' individual mandate is working. In its first year (2007) the rate of uninsurance was cut in half. However, the state passed significant expansions of public programs and large premium subsidies for lower income residents not eligible for state coverage. Massachusetts has access to an additional \$4.3 billion in federal funds to support their programs through a pre-existing, recently renewed Medicaid waiver. Despite this effort, 62,000 state residents had incomes too low to be subject to the waiver but too high for subsidies, and remain uninsured. An additional 86,000 uninsured residents chose to pay last year's modest \$219 penalty rather than buy coverage. This April the penalty rises to \$912 per resident.

An individual mandate does nothing to address the flaws in our broken health care system - incentives to order more treatments and no incentives for quality, little emphasis on prevention or management of chronic illness, fragmented payment systems promoting cost shifting. The difficulties and costs of implementing an individual mandate will only delay and distract resources from fixing the real problems with our health care system. Fixing those problems have to be our first priority, so we can create a system that provides every Connecticut resident with affordable quality care that is worth what we pay for.

Bottom Line:

Connecticut cannot afford an individual mandate which would likely not work and would do nothing to fix our broken health care system.

Source:

E Andrews, *An Individual Health Insurance Mandate: Could it Work for Connecticut?* CT Health Policy Project Issue Paper, December 2008, www.cthealthpolicy.org